

**Report of the Directors and  
Audited Financial Statements  
for the year ended 31st March 2010  
for  
Atul Europe Limited**

**Atul Europe Limited**

**Contents of the Financial Statements  
for the year ended 31st March 2010**

	<b>Page</b>
<b>Company Information</b>	1
<b>Report of the Directors</b>	2
<b>Report of the Independent Auditors</b>	4
<b>Profit and Loss Account</b>	5
<b>Statement of Total Recognised Gains and Losses</b>	6
<b>Balance Sheet</b>	7
<b>Cash Flow Statement</b>	8
<b>Notes to the Cash Flow Statement</b>	9
<b>Notes to the Financial Statements</b>	10
<b>Trading and Profit and Loss Account</b>	15

**Atul Europe Limited**

**Company Information  
for the year ended 31st March 2010**

**DIRECTORS:**

G K R Thirukonda(Chairman)  
Dr G V G Rao (Chief Director)  
R Bhasin  
S Chandalia  
A R Motee  
C J Bent

**SECRETARY:**

S Chandalia

**REGISTERED OFFICE:**

1st Floor, Office Suite 1C, Dean Row Ct.  
Summerfields Village Centre  
Dean Row Road  
Wilmslow  
Cheshire  
SK9 2TB

**REGISTERED NUMBER:**

3151975 (England and Wales)

**AUDITORS:**

Bennett Brooks & Co. Limited  
Statutory Auditors &  
Chartered Accountants  
St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE

## **Atul Europe Limited**

### **Report of the Directors for the year ended 31st March 2010**

The directors present their report with the financial statements of the company for the year ended 31st March 2010.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the import and sale of dyestuffs, pigments and chemicals.

#### **REVIEW OF BUSINESS**

Due to improvements in businesses from October 2009 onwards, the overall business performance is better for this financial year. As compared to previous years, we did well on sales as well as on profits for the year. This is mainly due to merging the businesses of Atul Deutschland GmbH from 1st October 2009, which are more profitable. We hope to maintain and improve this performance during the coming years.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31st March 2010.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2009 to the date of this report.

G K R Thirukonda(Chairman)

Dr G V G Rao (Chief Director)

R Bhasin

S Chandalia

A R Motee

C J Bent

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Atul Europe Limited**  
**Report of the Directors**  
**for the year ended 31st March 2010**

**AUDITORS**

The auditors, Bennett Brooks & Co. Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

.....  
C J Bent - Director

Date: .....

**Report of the Independent Auditors to the Shareholders of  
Atul Europe Limited**

We have audited the financial statements of Atul Europe Limited for the year ended 31st March 2010 on pages five to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

N. White (Senior Statutory Auditor)  
for and on behalf of Bennett Brooks & Co. Limited  
Statutory Auditors &  
Chartered Accountants  
St George's Court  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4EE

Date: .....

**Atul Europe Limited**

**Profit and Loss Account  
for the year ended 31st March 2010**

	Notes	2010 £	2009 £
<b>TURNOVER</b>	2	10,142,434	8,023,647
Cost of sales		9,595,384	7,846,531
<b>GROSS PROFIT</b>		547,050	177,116
Administrative expenses		298,836	186,955
<b>OPERATING PROFIT/(LOSS)</b>	4	248,214	(9,839)
Interest receivable and similar income		-	602
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		248,214	(9,237)
Tax on profit/(loss) on ordinary activities	5	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		248,214	(9,237)

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

**Atul Europe Limited**

**Statement of Total Recognised Gains and Losses  
for the year ended 31st March 2010**

	2010 £	2009 £
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	248,214	(9,237)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>248,214</u>	<u>(9,237)</u>
Prior year adjustment		<u>(123,245)</u>
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>		<u><u>(132,482)</u></u>

The notes form part of these financial statements

**Atul Europe Limited**

**Balance Sheet  
31st March 2010**

	Notes	2010		2009	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		7,349		8,861
<b>CURRENT ASSETS</b>					
Stocks	7	1,011,273	493,162	698,038	
Debtors	8	3,748,299		1,152,860	
Cash at bank and in hand		102,466		97,197	
		<u>4,862,038</u>		<u>1,948,095</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	9	4,651,352		1,986,371	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>210,686</u>		<u>(38,276)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			218,035		(29,415)
<b>CREDITORS</b>					
Amounts falling due after more than one year	10		43,296		44,060
<b>NET ASSETS/(LIABILITIES)</b>			<u>174,739</u>		<u>(73,475)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		1,000,000		1,000,000
Profit and loss account	15		(825,261)		(1,073,475)
<b>SHAREHOLDERS' FUNDS</b>	17		<u>174,739</u>		<u>(73,475)</u>

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:

.....  
C J Bent - Director

The notes form part of these financial statements

**Atul Europe Limited**

**Cash Flow Statement  
for the year ended 31st March 2010**

	Notes	2010 £	2009 £
<b>Net cash (outflow)/inflow from operating activities</b>	1	(38,935)	52,397
<b>Returns on investments and servicing of finance</b>	2	-	602
<b>Capital expenditure</b>	2	-	(346)
<b>(Decrease)/Increase in cash in the period</b>		<u>(38,935)</u>	<u>52,653</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
(Decrease)/Increase in cash in the period		<u>(38,935)</u>	<u>52,653</u>
Change in net funds resulting from cash flows		<u>(38,935)</u>	<u>52,653</u>
<b>Movement in net funds in the period</b>		<u>(38,935)</u>	<u>52,653</u>
<b>Net funds at 1st April</b>		<u>97,197</u>	<u>44,544</u>
<b>Net funds at 31st March</b>		<u><u>58,262</u></u>	<u><u>97,197</u></u>

The notes form part of these financial statements

**Atul Europe Limited**

**Notes to the Cash Flow Statement  
for the year ended 31st March 2010**

**1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2010	2009
	£	£
Operating profit/(loss)	248,214	(9,839)
Depreciation charges	1,512	2,595
Foreign currency translation on loan	764	(8,561)
(Increase)/Decrease in stocks	(313,235)	537,163
(Increase)/Decrease in debtors	(2,595,439)	418,297
Increase/(Decrease) in creditors	2,619,249	(887,258)
<b>Net cash (outflow)/inflow from operating activities</b>	<u><u>(38,935)</u></u>	<u><u>52,397</u></u>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2010	2009
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	-	602
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u><u>-</u></u>	<u><u>602</u></u>
 <b>Capital expenditure</b>		
Purchase of tangible fixed assets	-	(346)
<b>Net cash outflow for capital expenditure</b>	<u><u>-</u></u>	<u><u>(346)</u></u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.09	Cash flow	At 31.3.10
	£	£	£
Net cash:			
Cash at bank and in hand	97,197	5,269	102,466
Bank overdraft	-	(44,204)	(44,204)
	<u>97,197</u>	<u>(38,935)</u>	<u>58,262</u>
 Total	<u><u>97,197</u></u>	<u><u>(38,935)</u></u>	<u><u>58,262</u></u>

The notes form part of these financial statements

**Atul Europe Limited**

**Notes to the Financial Statements  
for the year ended 31st March 2010**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Equipment	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**2. TURNOVER**

The turnover and profit (2009 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2010	2009
	£	£
UK	1,101,128	425,169
Europe	8,881,612	7,598,478
Rest of the World	159,694	-
	<u>10,142,434</u>	<u>8,023,647</u>

**3. STAFF COSTS**

	2010	2009
	£	£
Wages and salaries	116,082	124,008
Social security costs	12,279	11,616
	<u>128,361</u>	<u>135,624</u>

**Atul Europe Limited**

**Notes to the Financial Statements - continued  
for the year ended 31st March 2010**

**3. STAFF COSTS - continued**

The average monthly number of employees during the year was as follows:

	2010	2009
Sales	2	2
Office	2	2
	<u>4</u>	<u>4</u>

**4. OPERATING PROFIT/(LOSS)**

The operating profit (2009 - operating loss) is stated after charging/(crediting):

	2010	2009
	£	£
Depreciation - owned assets	1,512	2,595
Auditors' remuneration	4,000	4,000
Auditors' remuneration for non audit work	25,150	15,000
Foreign exchange differences	<u>(30,234)</u>	<u>(30,336)</u>
Directors' remuneration	<u>10,500</u>	<u>47,500</u>

**5. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31st March 2010 nor for the year ended 31st March 2009.

**6. TANGIBLE FIXED ASSETS**

	Equipment	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
<b>COST</b>				
At 1st April 2009 and 31st March 2010	<u>13,679</u>	<u>10,251</u>	<u>7,299</u>	<u>31,229</u>
<b>DEPRECIATION</b>				
At 1st April 2009	8,926	7,965	5,477	22,368
Charge for year	<u>713</u>	<u>343</u>	<u>456</u>	<u>1,512</u>
At 31st March 2010	<u>9,639</u>	<u>8,308</u>	<u>5,933</u>	<u>23,880</u>
<b>NET BOOK VALUE</b>				
At 31st March 2010	<u>4,040</u>	<u>1,943</u>	<u>1,366</u>	<u>7,349</u>
At 31st March 2009	<u>4,753</u>	<u>2,286</u>	<u>1,822</u>	<u>8,861</u>

**7. STOCKS**

	2010	2009
	£	£
Stocks	<u>1,011,273</u>	<u>698,038</u>

**Atul Europe Limited**

**Notes to the Financial Statements - continued  
for the year ended 31st March 2010**

<b>8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		2010	2009
		£	£
Trade debtors		3,532,841	1,020,359
Commission due from parent undertaking		29,182	58,021
Amounts due from group undertakings		23,500	-
VAT		26,103	32,097
Prepayments & accrued income		48,161	9,348
Amounts due from parent undertaking		88,512	33,035
		<u>3,748,299</u>	<u>1,152,860</u>
<b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		2010	2009
		£	£
Bank loans and overdrafts (see note 11)		44,204	-
Trade creditors		341,543	92,002
Social security & other taxes		3,558	2,200
Other creditors		38,377	-
Factoring account		326,013	211,422
Amounts due to parent undertaking		3,750,475	1,496,407
Amount due to group undertakings		29,160	183,904
Accruals & deferred income		118,022	436
		<u>4,651,352</u>	<u>1,986,371</u>
<b>10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		2010	2009
		£	£
Loan from Atul Americas Inc		<u>43,296</u>	<u>44,060</u>
<b>11. LOANS</b>			
An analysis of the maturity of loans is given below:			
		2010	2009
		£	£
Amounts falling due within one year or on demand:			
Bank overdrafts		<u>44,204</u>	<u>-</u>

**Atul Europe Limited**

**Notes to the Financial Statements - continued  
for the year ended 31st March 2010**

**12. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2010	2009
	£	£
Expiring:		
Within one year	4,475	4,475
Between one and five years	11,400	11,400
	<u>15,875</u>	<u>15,875</u>

**13. SECURED DEBTS**

The following secured debts are included within creditors:

	2010	2009
	£	£
Factoring advances	<u>326,013</u>	<u>211,425</u>

The Bank holds the following security in respect of the factoring account:-

- a) Debenture including Fixed Charge over all present freehold and leasehold property.
- b) First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital.
- c) First Floating Charge over all assets and undertaking dated 28 April 1997.

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2010	2009
			£	£
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>

**15. RESERVES**

	Profit and loss account £
At 1st April 2009	(1,073,475)
Profit for the year	248,214
At 31st March 2010	<u>(825,261)</u>

**16. ULTIMATE PARENT COMPANY**

The ultimate parent company is Atul Limited which is based in India. For both periods the parent company held all of the issued share capital of Atul Europe Limited. They prepare group accounts every year. Copies can be obtained from the registered office: Atul Limited, Ashoka Chambers, Ellisbridge, Ahmedabad, India, 380 006.

Atul Europe Limited

Notes to the Financial Statements - continued  
for the year ended 31st March 2010

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010	2009
	£	£
Profit/(Loss) for the financial year	248,214	(9,237)
<b>Net addition/(reduction) to shareholders' funds</b>	<u>248,214</u>	<u>(9,237)</u>
Opening shareholders' funds	(73,475)	(64,238)
<b>Closing shareholders' funds</b>	<u><u>174,739</u></u>	<u><u>(73,475)</u></u>

**Atul Europe Limited**

**Trading and Profit and Loss Account  
for the year ended 31st March 2010**

	2010		2009	
	£	£	£	£
<b>Sales</b>		10,142,434		8,023,647
<b>Cost of sales</b>				
Opening stock	698,038		1,235,201	
Purchases	9,700,104		7,199,622	
Carriage & duty	208,515		109,746	
	<u>10,606,657</u>		<u>8,544,569</u>	
Closing stock	(1,011,273)		(698,038)	
		<u>9,595,384</u>		<u>7,846,531</u>
<b>GROSS PROFIT</b>		547,050		177,116
<b>Other income</b>				
Interest received	-		502	
Online filing incentive	-		100	
		<u>-</u>		<u>602</u>
		547,050		177,718
<b>Expenditure</b>				
Rent, rates & service charges	16,354		14,955	
Insurance	307		1,423	
Light & heat	649		415	
Directors' salaries	10,500		47,500	
Directors' social security	612		5,795	
Wages	105,582		76,508	
Social security	11,667		5,821	
Telephone & postage	6,431		7,091	
Printing, stationery & adverts	1,881		878	
Travelling	26,386		20,928	
Motor expenses	1,962		1,889	
Repairs & renewals	1,444		2,737	
Sundries & cleaning	7,937		3,531	
Computer consumables	770		-	
Training	-		150	
Legal & professional	99,925		1,249	
Auditors' remuneration	4,000		4,000	
Auditors' remuneration for non audit work	25,150		15,000	
Foreign exchange (gains) / losses	(30,234)		(30,336)	
Entertainment	705		1,564	
		<u>292,028</u>		<u>181,098</u>
		255,022		(3,380)
<b>Finance costs</b>				
Bank charges & interest		5,296		3,262
Carried forward		249,726		(6,642)

This page does not form part of the statutory financial statements

**Atul Europe Limited**

**Trading and Profit and Loss Account  
for the year ended 31st March 2010**

	2010		2009	
	£	£	£	£
Brought forward		249,726		(6,642)
<b>Depreciation</b>				
Plant and machinery	713		1,575	
Fixtures and fittings	343		408	
Motor vehicles	456		612	
		<u>1,512</u>	<u>612</u>	<u>2,595</u>
<b>NET PROFIT/(LOSS)</b>		<u>248,214</u>		<u>(9,237)</u>

This page does not form part of the statutory financial statements